

Conditions Required for Reporting Capital Gains Directly on Forms 1040 or 1040A

Generally, taxpayers who had capital gains or losses must report them using Form 1040 (line 13) and Schedule D. However, taxpayers do not have to file Schedule D if all three of the following apply:

1. The only amounts to report on Schedule D are Forms 1099-DIV box 2a (total capital gain distribution) or substitute statements.
2. None of the Forms 1099-DIV or substitute statements have an amount in box 2b (unrecaptured section 1250 gain), box 2c (section 1202 gain) or box 2d (collectibles (28%) gain).
3. They are not filing Form 4952 (relating to investment interest expense deduction) or the amount on line 4g of that form includes any qualified dividends.

If all three of the above apply, enter the taxpayer's total capital gain distributions on line 13 of Form 1040 or line 10a of Form 1040A. If using Form 1040, be sure to mark the box on line 13.

Otherwise, the taxpayer must use Schedule D.